

69-40597A

13 August 1969

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Washington Observer Newsletter

1. This memorandum is for your information only.

2. In response to your inquiry relating to the Washington Observer Newsletter, [REDACTED] recalled having checked his files in 1967 when the first Newsletter article about a Rumanian spy ring in CIA appeared. Our files confirm that neither the Bureau nor CIA took any action at that time.

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3. Sam checked again and has determined that the Bureau has at no time taken any action on the Washington Observer story. He feels that to do so would be a mistake. He characterizes the publication as being completely unreliable.

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Acting Director of Security

Attachment:

Washington Observer Newsletter,
dated 1 August 1969

ROMANIAN

President Nixon's triumphant, 20-hour state visit to Rumania is being hailed by the liberal press establishment with vociferous hosannas. 600 foreign newsmen swarmed into Bucharest to cover the momentous historic event. Every propaganda gimmick is being utilized to prove that the Nixon-Ceausescu talk is the turning point in East-West relations. Again we hear the familiar refrain that the Communists are "mellowing."

The truth is that ruthless Rumanian dictator, Nicolae Ceausescu, operates the most repressive police state behind the Iron Curtain—there is far more freedom in Moscow than in Bucharest. For sheer terrorism, Ceausescu has no equal among his Communist peers. In the Communist factional rivalry for power in Rumania since 1945, there has been a series of purges and blood baths. Ceausescu finally emerged the victor over the dead bodies of executed comrades. To prove he is not exactly "mellowing" only a little over a year ago (March 9, 1968) Ceausescu purged 10,000 government officials and Communist Party officers. While other Soviet satellites were trending toward decentralization, in sharp contrast, the Rumanian dictator abolished all semi-autonomous local control, and consolidated all power under centralized control. The Communists had baited the peasants with the promise of breaking up the big landed estates and redistributing the land to small farmers. Not only did the promised "agrarian reform" never materialize, but the government expropriated the estates and reduced the disillusioned peasants to the medieval serfdom of their ancestors.

Thus, the last vestige of freedom was destroyed. Rumania is a prime exhibit of Communist totalitarianism at its worst. Intellectual activity is so stifled that even the Ford and Rockefeller Foundations were forced to withdraw their funds in the so-called "cultural exchange programs."

Ironically, in 1967 Ceausescu made a big hit with the American libertarians. He won their approbation by his stance of neutrality in the seven-day Arab-Israeli War in June of that year. But what the American liberals blandly ignore is the fact that shortly before the Seven-day war, Ceausescu journeyed to Moscow and secured the tacit acquiescence of the Kremlin top brass before he pronounced his "independent" position on the Middle East crisis before the outbreak of hostilities. Furthermore, Rumania and Israel entered into a trade pact, insuring an abundance of Rumanian oil for the Israeli war machine. This was all Israeli Deceit. The Israeli war machine used the oil and air planes in a devastating war of

Later, Israel rewarded Ceausescu by sending Jewish businessmen and engineers to Rumania to set up industrial plants and providing equipment and technical know-how. Under the Rumanian agreement with Israel on joint industrial ventures, extensive air service traffic has opened up, and Jews in other Iron Curtain countries who can wrangle a visa to Rumania can easily escape via the air line if they can pay the high "liberation fees" demanded by the Rumanian bureaucrats and Jewish businessmen who operate the air service, according to FBI intelligence reports.

The Rumanian espionage apparatus is the most efficient and elaborate Communist spy network in the Western World. Most Rumanians are Latin types and can work more adroitly undercover than the Russians. The Soviet KGB is embarrassingly dependent on Rumanian agents in certain sensitive areas. The Rumanians seldom get uncovered and are more dependable than the East German spies.

At this writing, the U.S. Ambassador to Rumania, Richard H. Davis, is under intensive security investigation. He is reportedly compromised by a Rumanian female. Davis is a career diplomat and will shortly be shifted to a desk in the State Department in Washington to obviate further embarrassment to the Department.

On May 15, 1967, WO called attention to a Rumanian spy ring that had penetrated the CIA. WO No. 39 issue stated: "Three loyal employees of the CIA are alleged to have discovered the existence of a Soviet spy ring in the CIA. They reported this to their superiors and subsequently each one met a violent or mysterious death. . . . If a grand jury wants to look into this tale, WO can supply documentary evidence." Two Federal agencies made inquiries, and WO submitted all available information to the investigators; WO was admonished to say nothing more about the matter pending investigation. Nothing happened except our CIA informant was terrorized. And the Rumanian Jew who headed up the spy ring in the CIA was shifted to the State Department.

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